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Fifty-second session
SECOND COMMITTEE
Agenda item 95 (d)

MACROECONOMIC POLICY QUESTIONS: EXTERNAL DEBT CRISIS AND DEVELOPMENT

Draft resolution submitted by the Vice-Chairman, Mr. Adel Abdellatif (Egypt), on the basis of informal consultations held on draft resolution A/C.2/52/L.8

# Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 48/165 of 21 December 1993 and 50/92 of 20 December 1995, the relevant provisions of the report of the Ad Hoc Committee of the Whole of the General Assembly for the Mid-term Review of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s,[1] and the Agenda for Development[2] as well as the results, as agreed, of all major United Nations conferences and summit meetings held since the beginning of the 1990s,

Recalling also its resolution 51/164 of 16 December 1996 on enhancing international cooperation towards a durable solution to the external debt problem of developing countries,

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[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 48 (A/51/48).

[2] Resolution 51/240, annex.

Reaffirming the urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, and to help them exit from the rescheduling process,

Noting that developing countries have undertaken stabilization and structural adjustment programmes that benefit those countries but also involve social costs,

Emphasizing the importance for debtor countries of continuing to pursue and intensify their efforts with respect to economic reform and stabilization and structural adjustment programmes to raise domestic savings and investments, of taking full advantage of market access opportunities where available of reducing inflation and of improving economic efficiency, taking into account the need to address the social aspects of development, including the eradication of poverty as well as the vulnerability of the poorer strata of their populations,

Noting the improvement in the debt situation of a number of developing countries since the second half of the 1980s and the contribution that the evolving debt strategy has made to this improvement, noting with appreciation the debt-relief measures taken by creditor countries both within the framework of the Paris Club and through their cancellation and equivalent relief of bilateral official debt, and welcoming the even more favourable debt-relief measures taken by the Paris Club on the basis of the Naples terms of December 1994,

Welcoming the admission of the Russian Federation to the Paris Club,

Stressing the need for a full, swift implementation of those initiatives, which will further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high level of total debt stock and servicing burdens,

Noting with concern the continuing debt and debt-servicing problems of indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating the onerous debt and debt-service burdens connected with the various types of debt of many developing countries, on the basis of an effective, equitable, development-oriented and durable approach and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Noting that the developing countries that have continued, at great cost to themselves to meet their international debt and debt-service obligations in a timely fashion have done so despite serious external and domestic financial constraints,

Expressing concern that despite the debt-relief measures taken so far, those measures have not yet fully provided effective, equitable, development-oriented and durable solutions to the outstanding debt and debt-servicing problems of a large number of developing countries, in particular the poorest and heavily indebted countries, which continue to face serious debt problems,

Noting the situation in some creditor countries with economies in transition in addressing the external debt and debt-servicing problems of developing countries,

Stressing the need for continuing global economic growth and the necessity for a continuing supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for [the sustained economic growth and sustainable development of] the developing countries,

Stressing also the importance of finding durable solutions to the non-Paris Club bilateral debt, which has become a serious challenge to many developing countries,

1. Takes note of the report of the Secretary-General on the debt situation of the developing countries as at mid-1997;[3]

2. Recognizes that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve [sustained economic growth and sustainable development];

3. Notes that further progress, including swift implementation of innovative approaches and concrete measures, is essential for contributing to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries;

4. Also notes, while recognizing the benefits of liberalization of international capital flows, the potential adverse impact of the volatility of short-term capital flows, and exchange rates on interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies in order to mitigate the impact of such volatility;

5. Stresses the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development so as to favour their exit from debt and debt-servicing problems, and also stresses the need for the international community to promote a conducive external economic environment through, inter alia, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, the flow of financial resources and improved access to technology for the developing countries;

6. Also stresses that the evolving debt strategy must be accompanied by a favourable and supportive international economic environment, including the full implementation of the results of the Uruguay Round of multilateral trade

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[3] A/52/290.

negotiations, and the Marrakesh ministerial decisions in favour of the least developed countries and the net food-importing developing countries;[4]

7. Further stresses the need for existing facilities to provide debt-relief measures through various debt conversion programmes, where possible, such as debt-equity swaps, debt-for-nature swaps, debt-for-child-development swaps, and other debt-for-development swaps, to be widely implemented so that the countries concerned may be assisted in their development efforts as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held at Copenhagen in March 1995;[5]

8. Welcomes the steps already taken to implement the Heavily Indebted Poor Countries Debt Initiative and in this regard calls for its timely finalization and implementation so as to enable eligible countries to benefit from the Initiative;

9. Recognizes that the implementation of the Initiative requires additional financial resources from both bilateral and multilateral creditors without affecting the support required for development activities of developing countries and in this regard express its appreciation for contributions made by some bilateral donors to the Heavily Indebted Poor Countries Trust Fund of the World Bank and the Enhanced Structural Adjustment Facility/Heavily Indebted Poor Countries Trust Fund of the International Monetary Fund and urges other bilateral donors and invites other international financial institutions that have not yet finalized mechanisms for participation in the Initiative to do so as soon as possible;

10. Stresses the importance of implementing the Initiative's eligibility criteria flexibly, in a transparent manner, and with the full involvement of the debtor country, and further stresses the importance of continuously evaluating and actively monitoring the implications of the existing terms of the eligibility criteria in the implementation of the Initiative, so as to ensure sufficient coverage of heavily indebted poor countries;

11. Underlines the importance of the transparency and involvement of debtor countries in any review and analysis that will be conducted during the adjustment period;

12. Welcomes the implementation since 1994 by Paris Club of the Naples terms as well as the decision to go beyond the Naples terms to provide debt reduction for eligible countries, in particular the poorest and most heavily indebted countries, and invites all other bilateral, multilateral and commercial

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[4] See Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994 (GATT secretariat publication, Sales No. GATT/1994-7).

[5] See Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995 (United Nations publication, Sales No. E.96.IV.8).

creditors to make an appropriate and consistent contribution to the common objective of debt sustainability;

13. Invites creditor countries, private banks and multilateral financial institutions within their prerogatives, to continue the initiatives and efforts to address the commercial debt problems of the least developed countries and the requests for continued mobilization of resources through the Debt-reduction facility of the International Development Association in order to help eligible least developed countries reduce their commercial debt;

14. Recognizes the efforts of indebted developing countries in regard to fulfilling their commitments on debt servicing despite the incurring of a high social cost and, in this regard, encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries;

15. Stresses the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in debtor countries, in particular low-income groups;

16. Notes with concern the continuing burden of debt and debt-service obligations of middle-income developing countries, including in particular those in Africa and encourages creditors, including multilateral financial institutions and commercial banks, to continue to support those countries in addressing these obligations effectively;

17. Expresses strong support for the continuation of Enhanced Structural Adjustment Facility operations and stresses the need to find consensus regarding its funding modalities in the interim period, 2001-2004, and in this regard invites the Executive Board of the International Monetary Fund to consider concrete measures in order to generate funds that can be used for this purpose;

18. Stresses the need for further efforts of all donors to secure adequate funding for the eleventh replenishment of the International Development Association in accordance with the agreed timetable and the need to start negotiations, at an appropriate time, for an adequate twelfth replenishment of the Association to a level commensurate with the needs of the poorest countries;

19. Reaffirms the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s,[6] in particular the appropriate actions in favour of those countries concerning their official bilateral commercial and multilateral debt;

20. Stresses the need for, in addition to debt-relief measures that include debt and debt-service reduction, new financial flows to debtor developing countries from all sources, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms and stabilization and structural

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[6] Resolution 50/103, annex.

adjustment programmes by the developing countries that will enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving [su tained economic growth and sustainable development] and the eradication of poverty;

21. Calls upon the international community, including the United Nations system, and invites the Bretton Woods Institutions, as well as the private sector, to take appropriate measures and action for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development related to the question of external debt;

22. Requests the Secretary-General to report to the General Assembly at its fifty-third session on the implementation of the present resolution.

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Agenda item 96 (b)

SECTORAL POLICY QUESTIONS: BUSINESS AND DEVELOPMENT

Draft resolution submitted by the Vice-Chairman of the Committee, Mr. Adel Abdellatif (Egypt), on the basis of informal consultations held on draft resolution A/C.2/52/L.13

Business and development

The General Assembly,

Recalling its resolutions 47/171 of 22 December 1992 entitled "Privatization in the context of economic restructuring, economic growth and sustainable development", 48/180 of 21 December 1993 entitled "Entrepreneurship and privatization for economic growth and sustainable development" and 50/106 of 20 December 1995 entitled "Business and development", and the Agenda for Development,[1]

Welcoming the fact that many countries continue to attach major importance to the privatization of enterprises, demonopolization and administrative deregulation in the context of their economic restructuring policies, as a means to increase efficiency, economic growth and sustainable development,

Recognizing the importance of the market and the private sector for the efficient functioning of economies in various stages of development,

Recognizing the sovereign right of each State to decide on the development of its private and public sectors, taking into account the comparative advantages of each sector, bearing in mind the economic, social and cultural diversity in the world,

[1] Resolution 51/240, annex.

1. Takes note of the report of the Secretary-General entitled "Entrepreneurship and privatization for economic growth and sustainable development";[2]

2. Underlines the positive role of the private sector in supporting economic growth and development as well as in the mobilization of resources;

3. Emphasizes the role of the private sector in each country including international investors, to contribute positively to the implementation of national macroeconomic policies, and macroeconomic stabilization programmes;

4. Recognizes that business and industry, including transnational corporations, play a crucial role in the social and economic development of a country. A stable policy regime enables and encourages business and industry to operate responsibly and efficiently and to implement longer-term policies. Increasing prosperity, a major goal of the development process, is contributed primarily by the activities of business and industry;

5. Convinced that a stable and transparent environment for commercial transactions in all countries is essential for the mobilization of investment, finance, technology, skills and other important resources across national borders, in order to promote growth and development, and recognizes in this context, that effective efforts at all levels to combat corruption and bribery are essential elements of an improved international business environment;

6. Recognizes the important role of Governments in creating, through transparent and participatory processes, an enabling environment supportive of entrepreneurship and facilitative of privatization, in particular in establishing the judicial, executive and legislative frameworks necessary for a market-based exchange of goods and services and for good management;

7. Emphasizes the importance of a supportive international economic environment, including investment and trade, for the promotion of entrepreneurship and privatization;

8. Recognizes the need to increase private sector involvement in the provisions of infrastructure services, inter alia, through joint ventures between public and private entities, particularly in countries with economies in transition, while protecting essential services and safeguarding the environment;

9. Recognizes that in many countries the informal sector accounts for a significant part of all economic activity and is a particularly important source of income for women and that the progressive integration of the informal sector should be encouraged;

10. Stresses the importance of micro-credit to people living in poverty, allowing them to undertake the establishment of micro-enterprises, which in turn generate self-employment and contribute to the achieving of empowerment,

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[2] A/52/428.

particularly of women, and calls for the strengthening of institutions supportive of micro-financing, in particular, micro-credit;

11. Values the promotion of entrepreneurship, including through the informal sector and micro-enterprises, in the development of small and medium-sized enterprises and industries by various actors throughout civil society, and of privatization, demonopolization, and the simplification of administrative procedures;

12. Recognizes the important role of cooperatives in the development and promotion of small and medium-sized enterprises;

13. Encourages the United Nations Conference on Trade and Development to continue to provide a forum for intergovernmental discussions, with the participation of representatives from the private sector, concerning issues related to privatization, enterprise development, and international flows of investment and welcomes the efforts by the Secretary-General of the United Nations Conference on Trade and Development to build a lasting partnership for development with non-governmental actors, including through the "Partners for Development" initiative to be held in Lyon, France in 1998;

14. Invites the United Nations Industrial Development Organization and the other relevant United Nations organs to further strengthen their activities, in particular for Africa and the least developed countries, in the promotion of entrepreneurship development especially for small and medium-sized enterprises and calls upon the international community to lend its support to the United Nations Industrial Development Organization in this regard;

15. Stresses that the outsourcing of work from the transnational corporations to the small and medium-sized enterprises is supportive to the development of entrepreneurship and privatization in developing countries;

16. Calls upon the United Nations funds and programmes, in accordance with their mandates, to continue to strengthen support to the promotion of entrepreneurship and, in their work in implementing this resolution, to give due consideration to the role of the private sector in development, taking into account the priorities set by each country, while ensuring a gender perspective, and, in this connection, states that there is a need to assist in particular the Governments of developing countries, as well as countries with economies in transition in strengthening their capacity to encourage wider participation of the private sector;

17. Decides to include this issue in the provisional agenda of its fifty-fourth session, and requests the Secretary-General, in cooperation with relevant United Nations bodies, to prepare a report which includes analytical work on the implementation of the present resolution for submission to the General Assembly at that session.

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ENVIRONMENT AND SUSTAINABLE DEVELOPMENT: SPECIAL SESSION FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF AGENDA 21

Draft decision submitted by the Vice-Chairman, Mr. Hans-Peter Glanzer (Austria), on the basis of informal consultations

# Implementation and follow-up to the outcome of the United Nations Conference on Environment and Development, including the outcome of the nineteenth special session of the General Assembly, for the purpose of an overall review and appraisal of the implementation of Agenda 21

The General Assembly, recalling its resolution S-19/2 of 28 June 1997, in which it adopted the Programme for the Further Implementation of Agenda 21,[1] decides:

(a) To take note of the report of the Secretary-General on the outcome of the nineteenth special session of the General Assembly;[2]

(b) To include in the provisional agenda of its fifty-third session, under the item entitled "Environment and sustainable development" a sub-item entitled "Implementation and follow-up to the outcome of the United Nations Conference on Environment and Development, including the outcome of the nineteenth special session of the General Assembly, for the purpose of an overall review and appraisal of the implementation of Agenda 21".

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[1] Resolution S-19/2, annex.

[2] A/52/280.

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ENVIRONMENT AND SUSTAINABLE DEVELOPMENT: SPECIAL SESSION FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF AGENDA 21

Draft decision submitted by the Vice-Chairman, Mr. Hans-Peter Glanzer (Austria), on the basis of informal consultations

# Progress in the implementation of conventions related to sustainable development

The General Assembly, recalling its resolution S-19/2 of 28 June 1997, in which it adopted the Programme for the Further Implementation of Agenda 21,[1] decides:

(a) To continue to review the progress made in implementing the Conventions signed at the United Nations Conference on Environment and Development or established as a result of the Conference, as well as other conventions relating to sustainable development, bearing in mind section IV.A of the Programme for the Further Implementation of Agenda 21, and, in this regard, requests the Secretary-General to submit to it at its fifty-third session a report on ways and means of undertaking this review;

(b) To invite, beginning in the year 2000, the Conferences of the Parties to the Conventions signed at the Conference or established as a result of the Conference, as well as other conventions relating to sustainable development, to take all appropriate measures to avoid convening their sessions and those of their subsidiary bodies during the sessions of the General Assembly.

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[1] Resolution S-19/2, annex.

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